



PRESS RELEASE

AG Frosh Applauds Passage of 2016 Legislative Priorities *General Assembly Adopts Efforts to Protect Lead Paint Victims and Other Injured Marylanders; Boost Debt-Collection Protections*

Baltimore, MD (April 11, 2016) -- Attorney General Brian E. Frosh today thanked the General Assembly for approving his priority legislation during the 2016 General Assembly session, creating stronger protections for injured Marylanders such as lead-paint poisoning victims who obtain lawsuit settlements; and for consumers who face improper and harassing debt collection.

"We made great progress this year protecting Marylanders from unscrupulous financial practices that exploit some of our most vulnerable residents," Attorney General Frosh said. "I want to thank the legislature for recognizing the need to make sure that lead-paint victims aren't victimized a second time, and for making sure that debt collection efforts lawsuits are accurate and proper."

The General Assembly approved HB 535/SB 734 - Structured Settlement Reform. The bill creates important new safeguards for injured Marylanders who face possible exploitation when offered immediate cash in exchange for a stream of payments obtained through the settlement of a personal injury lawsuit.

Those payments are known as structured settlements. An industry has developed to obtain these payments for substantially less than their market value through marketing targeted to the vulnerable populations that hold these payments, such as young Baltimore residents who have been plaintiffs in lead-paint poisoning lawsuits.

The legislation adopted by the Assembly:

- Requires that victims receive independent advice on whether a proposed transfer is in their best interests;
- Requires that courts find that the transfer is in the best interest of the injured person, taking into account the welfare of dependents, and that the financial terms are fair and reasonable;
- Requires that applications for transfers be filed in the Circuit Court in the county in which the injured person resides;
- Creates a new registration requirement for factoring companies, and authorizes the Office of the Attorney General to discipline companies engaging in prohibited practices such as

making gifts or extending loans to entice customers; offering referral fees; or using harassing marketing practices.

Attorney General Frosh thanks the Maryland Consumer Rights Coalition, the Green and Healthy Homes Initiative and other advocates for lead paint victims for their work on this legislation.

The General Assembly also passed a bill supported by Attorney General Frosh that ensures that proper and sufficient documentation is presented in court to prevent inappropriate debt collection actions.

SB 771 bars collection actions after the statute of limitations has expired, and requires that third-party debt buyers must present certain documents to obtain a court-ordered collection action, including evidence of the agreement between the original creditor and debtor and documents establishing the debt buyer's ownership of the account, among other things.

"Third-party debt buyers filed about 30,000 cases in Maryland court each year," Attorney General Frosh said. "Most of the time, the consumers don't appear, or don't have lawyers, and these new rules will help make sure the process is fair and proper."